

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
AND EXTENSION SERVICE COOPERATING
WASHINGTON, D. C.

[Background material] ...

April 25, 1939.

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TO STATE EXTENSION EDITORS:

Because of the interest in the wheat situation on the part of farmers and others dependent in whole or in part upon the income from wheat, we are mailing you five sets of background facts or notes on the wheat situation, which have been compiled briefly for your use and information.

The material is being sent to you in this form so that you may adapt it to conditions and needs in your State. You may wish to use the facts for a series of weekly stories, with or without the byline of a member of your State AAA Committee. Or, you may wish to use the information to serve as supplementary background in connection with timely local or national news events. Or, you may wish to work all the facts into one article of the feature type.

We are preparing drawings illustrating the general subjects covered by these five sets of facts, but we are mailing the notes now to avoid delay in waiting for the drawings to be completed. The mats will be usable with or without the enclosed notes.

We shall be interested in having your comments as to whether our preparation of background facts in outline form, like the enclosed, is preferable to the usual form of weekly story in that it enables you to use this outline for the preparation of a more localized news article dealing with the general subject. Please let us have your reactions to this type of material, pointing out the advantages and disadvantages as you see them.

Very truly yours,

H Duncan Wall

Duncan Wall, Chief
Regional Contact Section
Division of Information

Enclosure.

Approved by:

Lester A. Schlup

Lester A. Schlup, In Charge,
Visual Instruction and Editorial Section.

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Background material prepared by AAA for series or localized stories on the wheat program for exclusive use of extension editors in wheat States.

No. 1. GENERAL WORLD SITUATION.

For every three bushels of wheat the world is using this year, nearly a bushel will go begging for a market.

On the basis of present estimates, the world carry-over on July 1, 1939, is expected to be about 1,250 million bushels. This carry-over is more than twice the world import requirements which are now running around 550 million bushels.

Here is the background:

Total world supplies of wheat increased sharply from 1924 to 1933, largely as a result of increased acreage. From 1933 to 1936, world supplies declined, following successive years of small production and increased world demand. In 1937, world supplies, estimated at about $4\frac{1}{3}$ billion bushels, were 65 million bushels larger than in 1936. Increased production in 1938 resulted in total supplies mounting to a little more than 5 billion bushels, or an increase in one year of $\frac{3}{4}$ of a billion bushels.

Total world shipments of wheat averaged 751 million bushels for the 5 years, 1923-27, increased to a peak of 913 million bushels in 1928, then declined sharply, largely as a result of measures taken by importing countries to reduce the use of foreign wheat. For the year beginning July 1, 1937, shipments totaled 494 million bushels, and for the current season they are forecast at 563 million bushels.

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April 25, 1939.

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Section 1. GENERAL PRINCIPLES

The purpose of this document is to provide a general overview of the principles governing the operation of the system. It is intended to serve as a guide for the design and implementation of the system.

The system is designed to be flexible and adaptable to changing requirements. It is intended to be used in a wide range of applications, and it is designed to be easy to use and maintain.

Section 2. SYSTEM ARCHITECTURE

The system architecture is based on a modular design. The system is divided into several modules, each of which performs a specific function. The modules are designed to be independent of each other, and they can be developed and tested separately.

Section 3. DATA MANAGEMENT

The system is designed to handle large amounts of data. It is intended to be used in applications where data is a critical component. The system is designed to be efficient and effective in its data handling capabilities.

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No. 2. WHEAT-IMPORTING COUNTRIES.

World outlets for wheat exports have shrunk 25 percent in the last 15 years.

Europe, which in the 20's bought about 80 percent of the world wheat exported, furnishes an example of the trend among importing countries. The 22 wheat-importing countries in Europe have cut their imports more than a third since the peak of the 20's in spite of the fact that Europe's largest importer, the United Kingdom, has maintained its requirements around the 200 million bushel mark.

About 80 percent of the drop in European imports is accounted for by Italy, Germany, and France, whose policies of stimulated home production and restrictions on consumption and imports have had their effects.

As an indication of the barriers world wheat must meet on boundaries of import countries, and the effect of these barriers on imports of U. S. and other wheat, the following are high lights for the four principal European importing countries. Import figures shown are averages for the middle 20's (1923-27) and for the middle 30's (1932-36):

UNITED KINGDOM: A guaranteed price on a specified production. Funds for making up the differences between what the grower receives on the market and the guaranteed price are obtained from a tax on all flour milled in the United Kingdom. (Imports: Middle 20's -- 209 million bushels; middle 30's -- 208 million bushels).

ITALY: Government-fixed price, regulated sales, strictly controlled foreign trade, and nearly 26 cents a bushel duty on imports. (Imports: Middle 20's -- 80 million bushels; middle 30's -- 19 million bushels).

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GERMANY: Fixed prices and price margins; compulsory delivery of all domestic wheat fit for human consumption; distilling and feeding prohibited; a duty of \$3.84 per bushel unless imported by government, in which case the duty is 11 cents a bushel. (Imports: Middle 20's -- 70 million bushels; middle 30's -- 8 million bushels).

FRANCE: National wheat board sets prices, controls imports and exports. Import duty $87\frac{1}{2}$ cents a bushel. (Imports: Middle 20's -- 53 million bushels; middle 30's -- 10 million bushels).

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April 25, 1939

THE UNITED STATES OF AMERICA

IN SENATE

January 10, 1906

REPORT

OF THE

COMMISSIONER OF THE GENERAL LAND OFFICE

IN RESPONSE TO A RESOLUTION PASSED BY THE SENATE

ON MAY 10, 1904

RELATIVE TO THE

LANDS BELONGING TO THE UNITED STATES

IN THE TERRITORY OF ARIZONA

AND IN THE TERRITORY OF NEW MEXICO

AND IN THE TERRITORY OF COLORADO

AND IN THE TERRITORY OF UTAH

AND IN THE TERRITORY OF IDAHO

AND IN THE TERRITORY OF MONTANA

AND IN THE TERRITORY OF WYOMING

AND IN THE TERRITORY OF NEBRASKA

AND IN THE TERRITORY OF KANSAS

AND IN THE TERRITORY OF OKLAHOMA

AND IN THE TERRITORY OF TEXAS

AND IN THE TERRITORY OF MISSOURI

AND IN THE TERRITORY OF ILLINOIS

AND IN THE TERRITORY OF INDIANA

AND IN THE TERRITORY OF OHIO

AND IN THE TERRITORY OF PENNSYLVANIA

AND IN THE TERRITORY OF NEW YORK

Background material prepared by AAA for series or localized stories on the wheat program for exclusive use of extension editors in wheat States.

No. 3. WHEAT-EXPORTING COUNTRIES.

In the face of shrinking outlets for world wheat, the world's major exporting countries increased acreages and fought the stiffened competition by maintaining production levels. The major net exporting regions include: The United States, Canada, Argentina, Australia, and the Lower Danube region.

In the middle 20's, the average total wheat acreage in exporting countries, excluding the U.S.S.R., was around 130 million acres. In the middle 30's, this figure had been increased to 145 million acres, and for the 1937-38 crop year the acreage was 15 million acres greater, or 160 million acres. This increase of the 1937 acreage over that of the 20's was about the size of the entire wheat acreage of both Australia and Argentina for the 1937 crop.

Despite the acreage increase, however, the production for 1937 in the exporting countries (excluding Russia) was near the average of the middle 20's after a decrease in the middle 30's. In the United States, however, the 1937 production was well over the average of the 20's.

Thus, while the acreage and production levels showed no sign of material decreases, net exports from the exporting countries (excluding Russia) in 1937 dropped 75 million bushels below the average of the middle 30's and 300 million bushels below the average of the middle 20's.

In virtually every exporting country, some form of government assistance has been designed to increase the price received by domestic producers. Examples:

ARGENTINA: Grain-regulating board purchases wheat at fixed prices whenever world prices fall below minimum established by the government. The government has complete control of foreign exchange.

(More)

AUSTRALIA: In most years government pays bounties and makes direct grants to wheat producers.

CANADA: Canadian wheat board buys from producers at guaranteed minimum price and sells at the best price it can obtain, sharing an excess, if any, with participating producers, but charging loss, if any, to the national treasury. Government considering subsidies on acreage basis now as alternative.

DANUBE BASIN COUNTRIES: Complete government control of wheat exports. In these countries the most effective means of moving wheat into export has proved to be bilateral treaties or agreements with certain wheat-importing countries of Europe.

SOVIET RUSSIA: All trade in wheat is government controlled.

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No. 4. U. S. PRODUCTION.

Stimulated by growing markets, good prices, and an abnormal demand for wheat during the World War years, United States wheat acreage and production reached new levels in the 10 years following 1914. American farmers, for example, seeded an average of about 69 million acres in the five years after the war.

This acreage level, however, was supported, in part, by an export business which took an average of 226 million bushels of the harvests. Through the 20's these markets became smaller until in the 1928-32 period, United States farmers were able to sell only half as much wheat abroad, but in spite of this loss of markets the middle 30's found farmers seeding just about as much wheat as they seeded right after the War.

In the 30's, however, the production was held down by drought and the AAA programs.

The result was an upward trend in prices following 1932 and, since there was no effective control program for wheat from 1936 to 1938, seedings in 1937 and 1938 shot up to an 80-million acre level, more than 10 million acres above the level of the high post-war acreages.

Good weather and good yields resulted in crops of 876 million bushels in 1937 and 931 million bushels in 1938, the fourth largest crop on record. United States wheat supplies for 1938-39 exceeded a billion bushels, also the fourth largest on record.

The carry-over, which had averaged about 115 million bushels in the five years 1924-28 and which had hit a peak of 378 million bushels in 1933, is expected to be about 275 million bushels next July.

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No. 5. UTILIZATION OF U. S. WHEAT:

With growing supplies of wheat to sell, the United States farmer has faced a comparatively stable domestic consumption and a growing competition for a shrinking export market.

Domestic use has ranged between 620 and 750 million bushels in the last 10 years in spite of price variations. Making up this total, wheat milled for human consumption and commercial feeds has required from 480 to 515 million bushels. Wheat used for seed has required another 80 to 100 million bushels. Quantities used for livestock feed, however, have depended on the price, and this outlet has taken substantial amounts only in years of low prices.

Unless new uses are developed, wheat produced in excess of the domestic market must find foreign buyers. Before the war when world trade in wheat averaged about 650 million bushels annually, U. S. farmers supplied 16 percent of the world market. In the early 20's the average was up to 31 percent, but by 1932, wheat grown in the United States made up only 5 percent of the world trade.

However, in 1937 the United States again exported 100 million bushels of wheat, about 20 percent of the world volume.

The export outlet for U. S. wheat, however, faces growing competition from other exporting countries which also have recovered from a period of short crops. As these countries have piled up surpluses, they have taken steps to obtain as large a share as possible of the curtailed import markets. Such measures have included subsidies to growers, export bounties, currency depreciation, bargaining tariffs, and special agreements.

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